

From: Chester, Thomas.W(Thomas.W Chester)
To: Smith, Whit
Date: 6/27/2011 7:01 AM
Subject: Today....

Research some State gov't sites today. I need information on;
Rental car contracts
Vehicle maintenance contracts

Johnson, Samantha (Samantha Johnson)

From: Richard Rosenbaum <Richard.Rosenbaum@tn.gov>
Sent: Monday, August 15, 2011 5:42 PM
To: Toni Stuart
Cc: Nick Shackell; John Bissell; Reen Baskin; Thomas.W Chester; Paganelli, Mark A; Johnson, Samantha (Samantha Johnson)
Subject: UT / Enterprise Agreement
Attachments: Contract Amendment for TBR & State (rev 08-01-2011).docx

Follow Up Flag: Follow up
Flag Status: Flagged

Hey Toni:

Attached is our suggested Amendment to UT's Agreement with Enterprise extending E's discounted corporate rate structure to all State agencies and departments as well as local city and county municipalities under a piggy-back arrangement with UT.

So far, our contacts at UT (Mark Paganelli & Samantha Johnson) and Enterprise (Nick Shackell) have given us their thumbs up.

My plan to submit our formal recommendation to the Commissioner when he returns on Wednesday. Pending his OK, this will then be ready to move on to the Governor. Just want to be sure it has been properly vetted by our own legal counsel before we go forward.

Thanks in advance for your help with this. Let me know if you have any questions or concerns.

Sincerely,

Bucky

Richard P. Rosenbaum, Jr.
Management Consultant
Department of General Services
24th Floor, TN Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243
615-741-1887
Richard.Rosenbaum@tn.gov

Johnson, Samantha (Samantha Johnson)

From: Richard Rosenbaum <Richard.Rosenbaum@tn.gov>
Sent: Monday, August 29, 2011 9:56 AM
To: samantha@TN.edu
Cc: nick.shackell@ehi.com; John Bissell; Stephen Reksten; Paganelli, Mark A
Subject: UT- Enterprise Holdings Amendment (Contract #4600002148)
Attachments: Cooperative purchasing Guidelines Board Agenda Item 989 appro.docx; Header

Dear Samantha:

Thank you for taking my call earlier this morning. On behalf of Commissioner Steve Cates, we thank you for UT's willingness to allow State of Tennessee entities and departments to piggy-back on to the above agreement with Enterprise Holdings. I am grateful to Mark Paganelli and Nick Shackell for their assistance with this process.

As we discussed, before the State can implement the WeCar program with Enterprise, we must first present this matter to the Tennessee Board of Standards for their review and approval. To that end, if I may, I need your further assistance in documenting the following items:

1. The UT contract with Enterprise Holdings was established via a competitive sealed bid process within your jurisdiction.
2. The Contract has at least two years remaining, including any extensions and renewals.
3. The University of Tennessee agrees to extend contract pricing under this agreement to all departments, agencies, and municipalities of the State of Tennessee.
4. There was opportunity for diversity participation during the bid process.

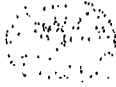
Unless you have any questions, kindly include the above confirmation on a hard copy of your office letterhead and send to my attention at the address indicated below.

Samantha, thanks again for your help with this matter. We appreciate your cooperation and assistance with this procedural matter.

Bucky

Richard P. Rosenbaum, Jr.
Management Consultant
Department of General Services
24th Floor, TN Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243
615-741-1887
Richard.Rosenbaum@tn.gov

TO DOHR
8/31/11



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATO
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Rebecca R. Hunter, Commissioner
Department of Human Resources

FROM: Steven G. Cato, Commissioner *Steven G. Cato/RB*

DATE: August 30, 2011

SUBJECT: Appointment/Overlap/Mismatch (Executive Service)
Name: Kathleen Hansen
SSN: [REDACTED]

The Department requests approval to appoint Ms. Kathleen Hansen to position no 00006835, Assistant Commissioner 2 (salary grade 40), as an Executive Administrative Assistant 2 (salary grade 31), with an effective date of September 12, 2011. We further request that Ms. Hansen be compensated at a monthly salary of \$5,500; which is near the top of the range.

Ms. Hansen graduated from the University of Texas with a Bachelor of Arts degree. She was employed by Enterprise Holdings/Tennessee and Texas Group Headquarters from 1989 until 2011. She progressively increased in her areas of responsibility by starting as a management trainee and continually promoting until she obtained the position of Group Risk Manager, which was Tennessee Group's highest executive level position. In that position, she served as the contact for legislative interests and maintained a daily awareness of all legislative and congressional pertinent activity. In addition, she was responsible for state and federal law compliance, risk management, policy development, and implementation of best business practices which resulted in improved processes and productivity.

Ms. Hansen is highly motivated by public service and has the experience and skill set to contribute to this department. She could bring great value to our motor vehicle division due to her transportation and cost control background. She could also contribute greatly to departmental functions including risk management, public relations, and legislative initiatives. There will be increased legislative initiatives by the department over the next few years due to ongoing improvements needed in organizational structure and operational efficiency.

Your consideration and approval of this request is greatly appreciated.

SGC/RB/mt

KATHLEEN HANSEN

• kmilti1@comcast.net

PROFESSIONAL PROFILE

- ♦ A focused, multifaceted and self-motivated *Risk Management Executive and Community Advocate with emphasis in Government Affairs and Compliance.*
- ♦ One who offers a podium for success to positively enhance a growing administration offering career achievements that include: i) noteworthy promotions, ii) longevity, and iii) a concise understanding of and ongoing productive dialogue with *Tennessee State Legislature, General Assembly, Governor's Office, and Congressional members.*
- ♦ Articulate, polished and one easily reads others, calms situations, and effectively directs and carries meetings/conversations to the benefit of the organization.
- ♦ A proactive, accomplished, and positive departmental leader and role model with a valued work ethic built upon quality, integrity, hard work, time management, mentoring skills, flexibility, organization, reputation and achievement.
- ♦ Establishes credibility and collaborates successfully with peers, superiors, and government and community agencies and establishes lasting, productive and mutually-beneficial relationships.
- ♦ A resourceful, lifetime learner who promotes civic responsibility, volunteers for numerous local charities, attends political functions and excels with confidence and ease within today's dynamically- charged work arena.

NOTABLE CAREER ACHIEVEMENTS

- ★ Passed Legislation that created a carve-out for local rentals from a 2% arena tax on rental cars in Memphis.
- ★ Passed Limited License Law in Tennessee bringing complete exemption of Licensing Employees to Sell Ancillary Products.
- ★ Passed Legislation regarding red light camera tickets and notification process.
- ★ Passed Legislation that created a carve-out for local rentals from a 1% convention center tax in Davidson County.
- ★ Recipient of Five (5) "Exceptional Achievement Awards"
- ★ Managed Department with twenty risk management employees
- ★ Developed idea for the Core Values poster displayed in all branches throughout North America.

HIGHLIGHTED STRENGTHS

- | | |
|--|--|
| ▪ State and Federal Compliance with Law | ▪ Innovative Ideas for Improved Processes & Productivity |
| ▪ Risk Management | ▪ Efficient & Simultaneous Management of Multiple Projects |
| ▪ Consistently Delivers Under Major Time Constraints | ▪ Team Mentoring Promoting Ownership & Accountability |
| ▪ Policy Development / Installation / Implementation | ▪ Highly Respected and Effective <i>Go-To</i> Resource |
| ▪ Accommodates High Responsibility & Prioritization | ▪ Achievements with a Consistent Level of Excellence |

CAREER EXPERIENCE

ENTERPRISE HOLDINGS / TENNESSEE AND TEXAS GROUP HEADQUARTERS, Franklin, TN / Dallas, TX, 1989 – 2011
Group Risk Manager, Tennessee, 2009 – February 2011

- Serve as Tennessee Group's highest level executive and the contact point for legislative interests and maintain a daily awareness of all legislative and congressional pertinent activity through interaction with legislators to inform them of concerns and positions related to pending legislation.
- Participate in the establishment and maintenance of effective communications with organization's Lobbyist, General Assembly, Governor's Office and Congressional members.
- Plan and schedule meetings and attendance at special events designed to promote interaction with legislators and public officers as well as utilize communication networks that permit an assessment of political attitudes.
- Respond to policy and operational questions of corporate in connection with political and legislative implications in Tennessee and develop strategies for dealing with those implications.
- Established statewide Grass Roots initiative for rental management team to be introduced to company's Legislative Affairs program including the environmental platform, PAC and legislative tracking system.
- Maintain corporate reputation for integrity with legislative and government bodies and press assertively and positively for initiatives that impact business decisions and customers.

(Continued)

- Responsible for loss prevention and control that encompasses training, reporting, analysis, follow-up and measurement of cost control, best business practices, employee and customer safety, and legal compliance within a group or region for all brands (Enterprise, Alamo and National).
- Proactively minimize risk while ensuring long-term success of the operation and directly interact with rental personnel within locations or a formal training environment.
- With regard to risk management, assess all areas of risk by way of branch visits, audits, and data analysis and provide regular feedback and forecasted results for loss per car, uninsured losses, employee losses, worker's compensation and other key measures.
- Monitor and enforce compliance with established procedures for best practices.
- Responsible for damaged vehicles on average \$2 Million monthly in monies owed to the company by customers and insurers.
- Transfer risks associated with vendors and customers in an appropriate manner.
- Maintain an ongoing communication regarding items that include: disputed claims, local marketing agreement, deviations from underwriting best practices and loss trends.
- *Previous Positions Held within Enterprise Holdings Include:*
 - Tennessee Group - Loss Control Manager, 1993 – 2009*
 - Tennessee Group - Loss Control Supervisor, 1992 – 1993*
 - Dallas Group – Insurance Supervisor, 1992*
 - Dallas Group - Loss Control Adjuster, 1990 – 1992*
 - Dallas Group, Management Trainee, 1989*

COMMUNITY INVOLVEMENT

Williamson County CASA, Inc., 1994 – 2009

Board Member and Vice President, 2005 – 2009; Court Advocate, 1994 – 2004

United Way Leadership Circle and Allocations Volunteer, 15 years

Centerstone

Developed annual ERAC-sponsored Christmas party for underprivileged children in the community.

EDUCATION

UNIVERSITY OF TEXAS, Arlington, TX
BA, Sociology

KATHLEEN HANSEN

[REDACTED] kmilt1@comcast.net

REFERENCES

Darren Gottschalk
Vice-President/General Manager
Enterprise Holdings
(615) 771-5699
darren.k.gottschalk@ehi.com

Karen Baker
Group Human Resource Manager
Enterprise Holdings
(615) 491-3900
karen.baker@ehi.com

C. Dale Allen
Attorney
Miller and Martin
(615) 210-0012
dallen@millermartin.com

Betsy Agent
Director – Juvenile Court & Services
Williamson County
(615) 790-5812
badgent@bellsouth.net

DOB: 8/20/1965
Single



STATE OF TENNESSEE EMPLOYMENT APPLICATION

Return completed application to:
Department of Human Resources
Applicant Services Division
505 Denderick Street
2nd Floor, James K. Polk Building
Nashville, Tennessee 37243-0635
or fax to: (615) 401-7626

USE BLACK INK ONLY TO COMPLETE THIS APPLICATION FORM. DO NOT WRITE IN SHADED AREAS. COMPLETE ALL REQUIRED FIELDS OR YOUR APPLICATION WILL BE RETURNED TO YOU.

Please record your Social Security Number below.

List the specific State of Tennessee job classification titles for which you are applying. Do not use abbreviations as this may result in your application being processed for the incorrect title.	APP. CODE	CLASS CODE	REJ. CODE
1.			
2.			
3.			
4.			
5.			

PLEASE COMPLETE ALL INFORMATION REQUESTED BELOW. PRINT CAREFULLY TO INSURE THAT YOUR INFORMATION IS ACCURATELY RECORDED INTO YOUR APPLICANT RECORD.

LAST NAME

H A N S E N

FIRST NAME

K A T H L E E N

MI A

MAILING ADDRESS

[REDACTED]

CITY

STATE

ZIP CODE

[REDACTED]

[REDACTED]

[REDACTED]

AREA CODE

HOME TELEPHONE

AREA CODE

BUSINESS TELEPHONE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Have you ever been convicted, forfeited bond, or are you currently on probation for any felony (or any equal offense under military law)?
(A felony is defined as an offense punishable by imprisonment for a term of one year or greater.)

Required answer must be recorded here →

YES

☐

NO

☒

If yes, give details on a separate sheet of paper for each felony offense. Include (1) date, (2) charge, (3) place, (4) court, and (5) action taken. You must disclose any felony conviction involving a sentence or suspended sentence. You may omit: (1) any offense committed before your 18th birthday which was finally adjudicated in a juvenile court; (2) any conviction which has been expunged under federal or state law. A conviction will not necessarily disqualify you from the job for which you are applying. A conviction will be judged on its own merits with respect to time, circumstances, and seriousness.

COUNTY PREFERENCES: Record the two-digit code(s) for each county in which you are willing to work (See Information and Instructions Side B for list of county codes). You may list up to five counties or indicate "99" for statewide. At least one county must be listed.

County Preferences →

19

LEGAL RESIDENT COUNTY: In the box below, you must record your legal resident county. Non-state residents must indicate "00" as their legal resident county.

Legal Resident County →
(must be recorded)

Please note: Your legal county is the county in which you reside and to which you definitely intend to return even though you may be temporarily absent. Your application cannot be processed without this information.

--PLEASE READ--

The State of Tennessee Employment Application Form is used by the State to establish an applicant's qualifications and employment preferences. This application does not constitute a contract between the State and an applicant.

The State of Tennessee is committed to the principles of equal opportunity, equal access, and affirmative action. The State of Tennessee does not discriminate against applicants or employees on the basis of race, color, religion, creed, age (over 40), national origin, sex, pregnancy, disability, veteran's status or any other classification protected by federal or state law.

Social Security Number <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 5px;"></div>	Last Name <div style="border: 1px solid black; padding: 2px; display: inline-block;">H A N S E N</div>
	First Name <div style="border: 1px solid black; padding: 2px; display: inline-block;">K A T H L E E N</div>

EDUCATIONAL BACKGROUND

You should provide all information requested in this section. You may omit the Educational Background section only if you have filed a full and complete application since March, 1999, and your education information has not changed since that time. This applies to all applicants including current State Employees. **PLEASE NOTE:** You should complete "LICENSES" and "REFERENCES" with each new application you submit. Signature is required with each application.

Primary/Secondary Education - Please indicate the highest level of primary or secondary education completed.

<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	<input type="checkbox"/> 8	<input type="checkbox"/> 9	<input type="checkbox"/> 10	<input type="checkbox"/> 11	<input type="checkbox"/> cert. of completion	<input type="checkbox"/> GED cert.	<input checked="" type="checkbox"/> high school diploma	1983 date completed
----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	-----------------------------	-----------------------------	--	------------------------------------	---	------------------------

Postsecondary Education - Please list schools attended after high school. This includes any colleges, universities, or vocational schools attended. When indicating hours completed, you must convert semester hours to quarter hours. Just multiply semester hours by 1.5 to convert to quarter hours. Indicate clock hours for vocational school training.

Name and city/state location of school	Dates attended		Total # of quarter or clock hours completed	Did you Graduate?		Type of degree or certificate and date (MO/YR) received	Major field of study or area of concentration
	FROM MO/YR	TO MO/YR		YES	NO		
UTA - Arlington, TX	9/83	5/88	126	X		B.A.	Sociology

To ensure that you receive the maximum score possible in an evaluation of your training and experience, it is strongly recommended that you submit a copy of your college transcript with your application. Regardless of whether or not you are submitting a transcript, please indicate the number of quarter hours received in the subjects listed below. A transcript of all course work may be required at the time of employment. For education received from a non-United States college or university, please attach a copy of credential evaluation from an accredited United States school or other acceptable evaluation service.

(To convert semester hours to quarter hours, multiply by 1.5.)

<input type="checkbox"/> Accounting	<input type="checkbox"/> Political Science	<input type="checkbox"/> Environmental Engineering	<input type="checkbox"/> Psychology	<input type="checkbox"/> Agribusiness	<input type="checkbox"/> Human Anatomy	<input checked="" type="checkbox"/> Mental Health
<input type="checkbox"/> Chemistry	<input type="checkbox"/> Computer Science	<input type="checkbox"/> Drafting	<input type="checkbox"/> Sociology	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Human Nutrition	<input type="checkbox"/> Non State CEU* credit
<input type="checkbox"/> Biology	<input type="checkbox"/> Mathematics	<input type="checkbox"/> Education	<input type="checkbox"/> Environmental Health/Physics	<input type="checkbox"/> Archaeology	<input type="checkbox"/> Industrial Arts	<input type="checkbox"/> Nursing
<input checked="" type="checkbox"/> Microbiology	<input type="checkbox"/> Statistics	<input type="checkbox"/> Special Education	<input type="checkbox"/> Geology	<input type="checkbox"/> Child/Family Studies	<input type="checkbox"/> Law/Legal Assistance	<input type="checkbox"/> Recreation/Rec. Therapy
<input type="checkbox"/> Business/Economics	<input type="checkbox"/> Civil Engineering	<input type="checkbox"/> Counseling	<input type="checkbox"/> Library Science	<input type="checkbox"/> Criminal Justice	<input type="checkbox"/> Marketing	<input type="checkbox"/> Rehabilitation Studies

* CEU credits earned by State employees through state sponsored training will be automatically recorded in their applicant records. To obtain credit for non-state sponsored CEUs or vocational technical school training, an official transcript must be attached.

LICENSES: Please list each license, certificate, or other authorization to practice a trade or profession. Teachers must specify subject area and type of certification. Please make sure licensure information is current with each new application you submit.

TYPE OF CERTIFICATION	AREA OF ENDORSEMENT	LICENSE NO.	ORIGINAL LICENSE ISSUE DATE	CURRENT LICENSE EXPIRATION DATE	STATE OR AGENCY ISSUING LICENSE

REFERENCES: Please provide complete information for your references below. Please make sure your reference information is current with each new application you submit.

NAME	STREET ADDRESS	CITY - STATE	TELEPHONE
Karen Baker	209 Seaboard Lane	Franklin, TN 37067	494-3800
Darren Gotschalk	209 Seaboard Lane	Franklin, TN 37067	727-3613

SIGNATURE: Under penalty of perjury, I certify that the information I am providing in this application is correct and complete to the best of my knowledge. I am aware that should investigation show any falsification or material misrepresentation, I will not be considered for employment, or if employed, I will be dismissed and disqualified from future examinations. I hereby authorize the State of Tennessee to make all necessary investigations concerning me or my actions and to receive and make available to all state agencies my academic records or other materials pertinent to my qualifications. I further authorize and request each former employer, educational institution, or organization (including law enforcement agencies) to provide all information that may be sought in connection with this application.

SIGNATURE OF APPLICANT Kathleen Hansen DATE 9/12/11

Signature is required. Unsigned applications will be returned to the applicant

*****Important - Please Read*****

To complete your work history, use the job blocks provided below and on the following pages, beginning with your present or most recent job in job block A. If necessary, you may attach additional sheets to provide your complete work history in the format shown below. It is important that you accurately describe the major responsibilities associated with each job you have held, along with all other requested information for each job. Incomplete information may lower your application rating. If you moved to a different position within the same organization and your major duties changed, you must list each position as a separate job. For military experience, it is important that you include the dates and pay grade for each position held. Unpaid, volunteer or part-time work experience may also be included with your work experience history. You may submit an employment resume to supplement your application; however, you must describe your major job responsibilities in the format below to ensure accurate scoring of your application.

*****If you have not reviewed the information above, please do so now to be sure you complete this section correctly.*****

JOB A		TITLE OR RANK OF POSITION: <u>Group Risk Manager</u>	
EMPLOYED FROM <u>01/89</u> TO <u>02/11</u>		REASON FOR LEAVING: <u>early retirement</u>	
MO. YR. MO. YR.			
AVERAGE # OF HRS. WORKED PER WEEK: <u>60</u>		STARTING ANNUAL SALARY: <u>27,000</u> LAST ANNUAL SALARY: <u>183,000</u>	
EMPLOYER NAME: <u>Enterprise Holdings</u>		TYPE OF BUSINESS: <u>car rental</u> TELEPHONE: <u>771-5699</u>	
EMPLOYER ADDRESS: <u>209 Seaboard Lane</u>		Franklin IN 47067	
STREET CITY STATE ZIP CODE			
AVERAGE # OF EMPLOYEES YOU SUPERVISED: <u>20</u>		NAME OF YOUR IMMEDIATE SUPERVISOR: <u>Darren Gottschalk</u>	
Describe your major duties /responsibilities and show approximate percent of time spent on each. Do not exceed a total of 100%.			
% TIME	DUTIES/RESPONSIBILITIES		
20	Legislative /Government Relations /Work with General Assembly		
20	Risk Management / Insurance Management / Fleet Management		
20	Claims Management / Training / Vehicle Repair		
20	Compliance with state and federal law / Corporate Compliance		
20	Corporate Communications / Public Relations / Community Service		
100 %			

[illegible]

USING THE FORMAT ABOVE, ATTACH ADDITIONAL SHEETS IF NECESSARY TO COMPLETE YOUR EMPLOYMENT HISTORY.

Johnson, Samantha (Samantha Johnson)

From: Richard Rosenbaum <Richard.Rosenbaum@tn.gov>
Sent: Friday, September 09, 2011 11:44 AM
To: Johnson, Samantha (Samantha Johnson)
Cc: John Bissell; Stephen Reksten
Subject: RE: UT- Enterprise Holdings Amendment (Contract #4600002148)

Follow Up Flag: Follow up
Flag Status: Flagged

Samantha:

In the event that he has not already contacted you, kindly reply directly to John Bissell, your counterpart here and just copy me. John and his staff are assisting me in getting these background docs collected and prepared for our presentation to the State Board of Standards meeting set for Sept 21st. In that we need to present a rough draft of this to our Commissioner on Monday, your immediate attention to this matter is greatly appreciated.

Thanks again for your willingness to allow us to participate with you all on this agreement.

Kindest regards,

Bucky

Richard P. Rosenbaum, Jr.
Management Consultant
Department of General Services

State of Tennessee
24th Floor, TN Tower
312 Rosa L. Parks Avenue
Nashville, TN 37243
615-741-1887
Richard.Rosenbaum@tn.gov

From: Richard Rosenbaum
Sent: Wednesday, September 07, 2011 1:22 PM
To: 'Samantha (Samantha Johnson) Johnson'
Cc: John Bissell; Stephen Reksten
Subject: RE: UT- Enterprise Holdings Amendment (Contract #4600002148)

Thanks, Samantha. Appreciate the quick response.

In addition to the four items requested below, we need to also know (a) the number of vendors who rec'd your Request for Proposal; and (b) how many of them responded. Kindly copy John Bissell, our Director of Purchasing and Stephen Reksten from his staff on your reply.

Many thanks,



STATE OF TENNESSEE
BOARD OF STANDARDS

24TH Floor, William R. Snodgrass TN Tower, 312 Rosa L. Parks Avenue
Nashville, Tennessee 37243-1102
(615) 741-9263 Fax (615) 532-8594

The Board of Standards met on November 16, 2011 at 2:30 p.m. in the Cheatham Room located on the 3rd Floor of the William R. Snodgrass Tennessee Tower. Commissioner Mark Emkes, Comptroller Justin Wilson and Commissioner Steve Cates were present. The additional attendees were as follows:

Martha Nichols, Department of Finance and Administration
Melinda Parton, Comptroller of Treasury's Office
Thomas Chester, Department of General Services
Jessica Robertson, Department of General Services
Mike Perry, Department of General Services
John Bissell, Department of General Services, Purchasing
Thad Watkins, Department of General Services, Legal Services
Kippine Smith, Department of Finance and Administration
Shelia Simpson, Office of Diversity Business
Bryan Chriske, Comptroller of Treasury's Office
Mary Anne Queen, Comptroller of Treasury's Office
John Bissell, Department of General Services, Purchasing
Stephen Reksten, Department of General Services, Purchasing
Kathleen Hansen, Department of General Services
Kelly Smith, Department of General Services
Marva Bradford, Department of General Services, Purchasing
Sherry Whitby, Department of General Services, Purchasing
Teresa Turns, Tricor
Laura Kinard, CMRA
Bob Raybourn, CMRA

MARK EMKES, Chairman
Commissioner of Finance & Administration

JUSTIN WILSON
Comptroller of Treasury

STEVEN G. CATES, Secretary
Commissioner of General Services

Commissioner Emkes called the meeting to order.

Agenda Items:

I. New Business

1. Item No. 1097.00

Pg. 1

Minutes from the July 14, 2011 Meeting
Supporting Documentation Supplied

Action: Approved as presented by the Board of Standards.

2. Item No. 1123.00

Binder

Cooperative Contract for Dispatch Services
Supporting Documentation Supplied

Action: The contract was presented to the Board for approval. Comptroller Wilson wanted clarification on personal use and rebates. Tommy Chester will verify and make sure the answers to Comptroller Wilson's questions are fully disclosed. Another issue that came up in the discussion was the extension period. Could this contract be extended yearly as this is the most cost effective way at this time. Kathleen Hansen stated that the main issue was utilizing the State's fleet correctly which the State was not doing. Comptroller Wilson recommended that the State use this program as a pilot project for one year. Thad Watkins verified that the contract could be used in that manner and Commissioner Emkes made a motion to piggyback on the existing contract for one year effective December 1, 2011. It will then be reviewed for efficiency and cost savings. Comptroller Wilson reminded Purchasing to get full disclosure on the personal use and rebate questions.

Motion seconded and approved by the Board of Standards.

II. Items to Report

3. Item No. 1091.00

Pg. 4

Contract Extensions Report
Supporting Documentation Supplied

Action: Commissioner Cates questioned the dollar amount on the printer extension and verified with Jessica Robertson that it is one of the 12 that have been highlighted. Jessica explained that it was in that group and that it had been

University of Tennessee

Cooperative Purchasing Agreement Binder

for

Car Rental

with

Enterprise Holdings, Inc

Board of Standards:

November 16, 2011

Cooperative Agreement Binder

University of Tennessee and Enterprise Holdings, Inc

Dispatch Car Rental Service

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Tab A	Memorandum from Deputy Commissioner to Commissioner
Tab B	Letter from University of Tennessee (UT) Confirming Sealed Bid Process
Tab C	UT's Purchasing Responsibility Statement, and Fiscal Policies
Tab D	Cooperative Agreement Process, B.O.S. Approved
Tab D-1	Cooperative Agreement Process – Applied to UT Co-op
Tab D-2	UT's Bid Response List
Tab D-3	UT's Bid Evaluation Documentation
Tab D-4	State's Certificate of Self Insurance
Tab E	Participating Addendum (Signed) - between State and Enterprise Holding, Inc.
Tab E-1	Contract 29896, Agency Term Contract for MVM's We Car's
Tab E-2	Contract 29900, Statewide Contract 205
Tab F	Enterprise Holding, Inc.'s (Enterprise) Diversity Program
Tab G	Master "Term Contract #4600002148" between UT and Enterprise as amended by Amendment #1.
Tab G-1	Included in Tab G.
Tab G-2	Included in Tab G.
Tab G-3	Included in Tab G.

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Tab G-3.1 UT's Links to Enterprise's website, Privacy Policy and Terms of Use.

Tab G-3.2 Moved to new Tab L.

Tab G-3.3 Moved to new Tab L.

Tab H-1 MVM's Executive Summary

Tab H-2 MVM's Recommendation #1 & #2

Tab I Research Conducted for Similar Contracts – Cost Comparison Chart

Tab I-1 WSCA's Enterprise Contract # 9950 and Amendment No.1 thru No. 7

Tab I-2 WSCA's Hertz Contract # 9949 and Amendment No.1 thru No. 5

Tab I-3 Florida's Avis Pricing Chart

Tab I-4 Indiana's Enterprise Contract

Tab I-5 Kansas's Enterprise Pricing Chart



**STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES**

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MEMORANDUM

TO: Steven G. Cates, Commissioner

FROM: Thomas W. Chester, CGFM, Deputy Commissioner *MC*

DATE: September 9, 2011

SUBJECT: Participation in U.T.'s Preferred Vendor Program with Enterprise Holdings, Inc.

I am requesting approval for the Department of General Services to seek authorization from the Tennessee Board of Standards to establish a four-year pilot car-share program with Enterprise Rent-A-Car (called "WeCar") by participating in the University of Tennessee's Preferred Vendor Program with Enterprise Holdings of St. Louis. Ms. Samantha Drenner-Johnson, Director of Purchasing for the University of Tennessee submitted an email indicating that the contract between U.T. and Enterprise was established via a competitive sealed bid process, that it is available for the State of Tennessee to piggy-back on and it has at least two years remaining on the contract.

WeCar is a car-sharing solution for business and individual use developed and operated by Enterprise Rent-A-Car. Launched in 2008, WeCar merges traditional car-sharing management systems with cutting edge in-car hardware and software technology that will bring three distinct benefits to the State of Tennessee:

- An automated paperless reservation and vehicle access system that is accessible 24/7;
- Active reporting and management systems that will effectively reduce fleet size and associated costs-per-mile; and
- The opportunity to reduce the State's carbon footprint through reduced VMT (vehicle miles traveled) and fuel efficient, Hybrid, PHEV and EV programs.

By partnering with U.T. and Enterprise, the Motor Vehicle Management Division of General Services will be able to offer an efficient, cost-effective alternative to servicing, maintaining, and managing a dispatch car fleet of roughly 200 state-owned vehicles, most of which need to be replaced immediately. The program provides for a rebate based on total amount spent by the State.


In addition, the WeCar program will provide competitive fleet discounts to all State of Tennessee departments, agencies, municipalities and their employees—including those in rural areas of the state—for both business and personal travel. This will be accomplished by offering convenient

Enterprise WeCar Pilot Program access to a wide variety of late-model fuel-efficient vehicles—including in-state manufactured Volkswagens and Nissans—through more than 120 Enterprise facilities across Tennessee.

In the event that the State of Tennessee is authorized by the Tennessee Board of Standards to participate in the University of Tennessee's WeCar program with Enterprise, the Department of General Services and the contract vendor will enter into the State's Participating Addendum (see draft attached) which includes the State's Special Terms and Conditions.

I respectfully request that the Department of General Services seek the Tennessee Board of Standards' approval to establish a four-year pilot WeCar car-sharing program with Enterprise Rent-a-Car by piggy-backing on to the University of Tennessee's Preferred Vendor Program with Enterprise Holdings of St. Louis.

Your consideration of this request will be appreciated.

Approved By:  Date: 9/16/11
Steven G. Cates
Commissioner

**DEPARTMENT OF GENERAL SERVICES
PURCHASING DIVISION
COOPERATIVE AGREEMENT PROCESS**

**Applied to the
University of Tennessee Preferred Vendor Contract
with Enterprise Holdings, Inc.
September 19, 2011**

AUTHORITY

Tennessee Code Annotated 12-3-216. Cooperative Purchasing Agreements

"The Commissioner of General Services is authorized to enter into cooperative purchasing agreements with other states, local governments and higher education institutions; provided, that each contract is established through the use of competitive sealed bids and each procurement has the prior approval of the board of standards."

The following is a step-by-step guide detailing how the General Services staff has followed the approved Cooperative Agreement Process guideline in its request to establish a contract with Enterprise Holdings, Inc for its automated car rental program (called "WeCar") by participating in the University of Tennessee's Preferred Vendor Program with Enterprise Holdings, Inc. of St. Louis, Missouri.

ADVANTAGES

- Saves the state money by leveraging buying power of other governmental entities.
- By partnering with U.T. in its Preferred Vendor Program with Enterprise, the State avoids having to purchase approximately 142 new replacement vehicles—the average daily usage requirement—at a gross estimated cost of \$2,653,920. (Refer to Tab H-1).
- The estimated surplus value of the existing dispatch fleet of 279 units sold at auction, the estimated value would be \$1,480,700.

➤ Based on average annual miles driven, the usage cost-per-mile of storing, securing, operating, and maintaining a State owned dispatch fleet of 142 vehicles is estimated to cost \$ 1,371,813 per year (excluding fuel costs). By turning the daily rental dispatch over to Enterprise's WeCar and traditional rental car program (exclusive of fuel) the estimated cost is \$ 1,069,852 year...a savings of \$301,961. (Refer to Tab H-1).

➤ The Department of General Services (DGS) will receive the added benefit of a calculated incentive volume rebate based on all rentals completed under the Enterprise WeCar program. The rebate will be paid quarterly, 45 days after the close of the quarter according to the following schedule:

- \$1.00 to \$499,999 @ 4%
- \$500,000 to \$699,999 @ 6%
- \$700,000 to \$999,999 @ 7%
- \$1,000,000+ @ 8%

Note: Refer to Tab G-3 for Term Contract Rebate Schedule.

➤ Cost avoidance of a minimum outlay of \$100,000.00 to retrofit and secure State Lot 6 if the State were to continue to store and secure state-owned cars for an MVM-operated dispatch program (Refer to Tab H-1).

➤ Cost avoidance of a minimum outlay of \$100,000.00 for fleet management software upgrades to Edison's M5 system (Refer to Tab H-1).

➤ Cost avoidance of increasing the average daily rental rate to \$40.00 - \$58.00—based on the estimated cost to replace 142 aging vehicles—as compared with an average daily rental rate of \$31.00- \$ 45.00 from Enterprise. (Refer to Tab H-1).

Co-op Procedures for UT—Enterprise Contract, Pg 3

- Allows Tennessee to utilize expertise or best practices from other governmental entities.
 - By participating in U.T.'s partnership agreement with Enterprise, the State receives the benefit of merging its traditional automated car rental program with cutting-edge in-car hardware and software technology at no additional cost (Refer to Tab G-3.2, Pg 2).
 - Another benefit of Enterprise's fleet management system will be active reporting in "real time" that will effectively reduce fleet size and associated costs-per-mile (Refer to Tab G-3.2).
 - There is the added opportunity to reduce the State's carbon footprint through reduced VMT (vehicle miles traveled) and fuel efficient, Hybrid and Electric Vehicle programs (Refer to Tab G-3.2)
- Reduce time required to establish contract.
 - DGS would be required to develop and award a contract including the same eleven vendors considered under the UT bid process. It is estimated that it would take a minimum of 120 days to establish and implement a new statewide agreement.
- Reduces administrative resources required from the State of Tennessee.
 - Under the Enterprise WeCar program, Property Services Management will no longer be expected to provide remote dispatch operational support in MVM's four satellite locations in Chattanooga, Memphis, Knoxville, and Jackson, freeing up valuable facilities management resources (Refer to Tab H-2).

- May increase participation by minority owned, woman owned and small business.
 - **The vendor has supplied documentation detailing its diversity business program, which is quite extensive (Refer to Tab F).**

PROCESS

1. Determine suitability of cooperative purchasing agreement

The suitability of a cooperative purchasing agreement is determined by three considerations: whether the commodity itself is suitable, whether there are suitable contracts for the commodity with other jurisdictions, and whether the candidate contracts are advantageous to and feasible for the State of Tennessee.

1.1. Selecting the Commodity

In evaluating a commodity for establishment of a cooperative agreement, the department may consider, but are not limited to the following factors:

- Estimated volume
 - **MVM is responsible for managing and maintaining approximately 4,956 vehicles for the State, of which 279 make up the Dispatch Rental Car Fleet (Refer to Tab H-1).**
 - **Going forward, the projected miles driven by a replacement fleet of 84 cars would average 2,501,830 miles per year (Refer to Tab H-1).**
 - **In FY11, two classes of cars—52 full-size and 117 mid-size sedans—generated 89% of total miles driven (Refer to Tab H-1).**

- Of the 171 compact, mid-sized and full-sized sedans in the fleet, all but four exceed 91,000 miles—well beyond current mandated replacement criteria (Refer to Tab H-1).
- Standard specifications or scope of services
 - The University of Tennessee's Request for Proposal (RFP) specifications are very similar to those used by the State of Tennessee (Refer to Tab G).
- Potential for significant cost savings
 - The State avoids having to purchase approximately 142 new replacement cars at a gross estimated value of \$2,653,920 (Refer to Tab H-1).
 - The estimated surplus value of the existing dispatch fleet of 195 aging cars, the net savings to the State would be \$1,060,436.00. If all 279 units were sold at auction, the estimated value would be \$1,480,700 (Refer to Tab H-2).
 - The Department of General Services (DGS) will receive the added benefit of a calculated volume rebate based on all rentals completed under the Enterprise WeCar program. The rebate will be paid according to the following schedule:

▪ \$1.00 to \$499,999	@ 4%
▪ \$500,000 to \$699,999	@ 6%
▪ \$700,000 to \$999,999	@ 7%
▪ \$1,000,000+	@ 8%

Note: Refer to Tab G-3 for Term Contract Rebate Schedule.

- Cost avoidance of a minimum outlay of \$100,000.00 to retrofit and secure State Lot 6 (Refer to Tab H-1).
- Cost avoidance of a minimum outlay of \$100,000.00 for fleet management software upgrades to Edison's M5 system (Refer to Tab H-1).
- Cost avoidance of increasing the average daily rental rate to \$40.00 (passenger vehicles) and \$58.00 (vans and trucks) based on the estimated cost to replace 142 aging vehicles--- compared with an average daily rental rate of \$31.00 (passenger vehicles) and \$ 45.00 (cans and trucks) from Enterprise (Refer to Tab H-1).
- Allows Tennessee to utilize expertise or best practices from other governmental entities.
 - By participating in U.T.'s partnership agreement with Enterprise, the State receives the benefit of merging its traditional automated car rental program with cutting-edge in-car hardware and software technology at no additional cost (Refer to Tab G-3).
 - Another benefit of Enterprise's fleet management system will be active reporting in "real time" that will effectively reduce fleet size and associated costs-per-mile (Refer to Tab G-3).
 - There is the added opportunity to reduce the State's carbon footprint through reduced VMT (vehicle miles traveled) and fuel efficient, Hybrid and Electric Vehicle programs (Refer to Tab G-3).
- Reduce time required to establish contract.
 - DGS would be required to develop and award a contract including the same eleven vendors considered under the UT bid process. It is estimated that it would take a minimum of 120 days to establish and implement a new statewide agreement.

- Reduces administrative resources required from the State of Tennessee.
 - Under the Enterprise WeCar program, Property Services Management will no longer be expected to provide remote dispatch operational support in MVM's four satellite locations in Chattanooga, Memphis, Knoxville, and Jackson, freeing up valuable facilities management resources (Refer to Tab H-2).
- Suppliers can deliver to Tennessee
 - Yes, the Contractor has 120 offices located across Tennessee, including many rural areas not presently being served by MVM.
- Tennessee does not have the expertise or staff time to strategically source the commodity.
 - While DGS's MVM staff has previously managed and maintained a state-owned Dispatch Rental Car Fleet, it will no longer be able to do so in a cost-effective manner once their offices are moved to the TN Tower.
- Time to establish contract through normal process is limited
 - With MVM's Charlotte Pike property on the market before the end of 2011, there is insufficient time to create the Request for Information, hold a pre-bid, create an Event, solicit bids, evaluate bids and award a contract by 01/01/12. By participating with the University's rental car contract, the State would be able to pilot and test the WeCar program short-term.
- There is a history of poor quality or difficulty in developing specifications.
 - The rental of cars has not been solicited by the Purchasing Division in the past; therefore it does not have experience in developing the specifications.

1.2. Selecting the Candidate Contracts

If a commodity is found suitable for consideration, contracts from other jurisdictions will be considered as candidates for a cooperative agreement if the contract meets the following tests:

- The contract was established by competitive sealed bids in the other jurisdiction.
 - **UT's Purchasing Director has confirmed that the contract was established by competitive sealed bids (Refer to Tab D-2).**
- The other state, local government or institution of higher education will agree to enter into a cooperative agreement.
 - **Yes, the University's Master Contract with the Contractor dated 01/06/11 as amended 08/09/11 allows all State of Tennessee agencies and their employees to participate in UT's Preferred Vendor Program—for both business and personal travel (Refer to Tab G-3 and G-4).**
- The contractor will extend pricing to Tennessee.
 - **Yes, the University's Master Contract with the Contractor extends its pricing to all State of Tennessee agencies and their employees.**
- The contract should have at least 2 years remaining, including extensions or renewals.
 - **The University's Master Contract started 01/06/11 for an initial one (1) year and has the option to renew the contract for four (4) additional one (1) year terms ending 01/05/16 (Refer to Tab G-3).**
- The terms and conditions are consistent with Tennessee's legal requirements.
 - **Yes, the terms and conditions of the University's Master Contract are very similar to those used by the State of Tennessee (Refer to Tab G).**

- Contractor will sign a Participating Addendum to resolve any conflicts with Tennessee law or regulations.
 - **The Contractor has agreed to sign the Participating Addendum to legally bind them contractually with the State of Tennessee.**
- Comparable items or services are included.
 - **All services included in the University's Master Contract are the same or better than those being offered by MVM.**
- Opportunity for diversity participation.
 - **The vendor has supplied documentation detailing its diversity business program, which is quite extensive (Refer to Tab F).**

1.3. Evaluating Candidate Contracts

If suitable candidate contracts are identified, more detailed analysis is undertaken to evaluate whether in fact the contract is advantageous for the State of Tennessee, as well as whether or not it is feasible to pursue contract execution.

- Purchasing Staff and Legal Staff from General Services and Finance & Administration review copies of all identified candidate contracts and solicitation documents to: (a) identify any conflicts with Tennessee terms and conditions or regulations, and (b) assess feasibility of a Participating Addendum to address such defects.
 - **The University of Tennessee / Enterprise Cooperative Agreement binder has been submitted to DGS Legal and F&A Legal for review.**
- Purchasing Staff analyze pricing on current state contract compared to candidate contract(s), including:
 - **Listed below are other car rental contracts with other states that were researched (Refer to Tab I for a cost comparison chart):**

- **WSCA's Multi-State Enterprise Contract # 9950 and Amendments No. 1 thru No. 7. Dated 10/19/09 to 10/18/12 with renewal options up to 10/18/19 (Refer to Tab I-1).**
- **WSCA's Multi-State Hertz Contract # 9949 and Amendments No. 1 thru No. 5. Dated 10/19/09 to 10/18/12 with renewal options up to 10/18/19 (Refer to Tab I-2).**
- **The State of Florida Avis Contract pricing (Refer to Tab I-3).**
- **The State of Indiana Enterprise Contract (Refer Tab I-4).**
- **The State of Kansas Enterprise pricing (Refer to Tab I-5).**
- Comparison by description, unit of measure, manufacturer's number, etc. to ensure that the commodities meet or exceed the same specifications and level or quality.
 - **The Contractor's rental cars are the same or better quality than MVM's aging rental cars.**
- Adjustments if necessary to reflect market changes.
 - **No adjustments necessary.**
- Notes regarding any differences in scope of services.
 - 1) **The Participating Addendum requires the Contractor to provide monthly and quarterly reports on purchases made on the contracts to the State of Tennessee. (Refer to Tab E, Para 11 and 12).**
 - 2) **The Participating Addendum requires the Contractor to designate customer service representatives, and an account manager for the State (Refer to Tab E, Para 14).**
 - 3) **The Participating Addendum states that renewal options will be made at the sole option of the State. The UT contract states that contract extensions (renewals) will be by mutual agreement between the University and the Contractor (Refer to Tab G-3, Page 1).**

4) The Participating Addendum clarifies that state agencies will issue car rental agreements and pay for car rental services as per the vendor's Bidders Application with the Purchasing Division and State employees will pay directly to the Contractor for personal use rentals.

5) The Participating Addendum requires Enterprise to pay to the Department of General Services a Rebate from 4% to 8% based on the Rebate schedule listed on the contract (Refer to Tab G-3).

- Calculation of estimated savings based on usage from most recent contract period.
 - **Total estimated savings estimate of Enterprise contract is \$301,961.00 per year plus the added value of not replacing 142 new vehicles at a projected cost of \$2,653,920. 00.**
- If applicable, determine Total Cost of Ownership, assessing all relevant costs associated with a purchase over a given time period, such as initial purchase price, delivery, installation, training, maintenance and repair, software licensing, energy and disposal.
 - **Purchasing Division does not feel that this is relevant to this cooperative agreement due to the contract being for rental of cars which will not be purchased by the State and due to Enterprise providing maintenance for its vehicles.**
- Purchasing Staff can review the level of expected diversity business participation by requesting said information from the Prime Contractor.
 - **Enterprise has provided their diversity program information.**

2. Submit contract for cooperative purchasing agreement for approval.

Candidate contract is submitted to the Board of Standards for review, using the process described below:

2.1. Prepare Package of Supporting Documents.

- Prepare Participating Addendum to parent contract for review by state legal staff and by contractor.
 - **A Participating Addendum has been prepared for Enterprise.**
- Request letter from governmental entity authorizing cooperative agreement.
 - **The University has sent an email stating they agree to extend contract pricing to the State of Tennessee (Refer to Tab B).**
- Copy of original contract between the government entity and the contractor.
 - **The University has sent copies of the Enterprise contract.**
- Summarize benefits of cooperative purchasing agreement, including price comparison and projected savings.
 - **U.T.'s Master Contract would be a great benefit to the State in that it would save the State \$301,961.00 per year and \$2,653,920.00 to replace 142 aging vehicles.**
 - **Rental Agreements would be processed on Enterprise's state-of-the-art WeCar program.**

2.2. Submit package described above to the Board of Standards Staff for review.

- **The UT cooperative agreement binders have been submitted to the Board of Standards Staff for review.**

2.3. Submit to Boards of Standards for formal approval.

- **Once the Board of Standards Staff approves the cooperative agreement, the UT cooperative agreement binder will be submitted to the Board of**

Standards for formal approval.

Co-op Procedures for UT—Enterprise Contract, Pg 13

2.4. Participating Addendum signed by Contractor and Commissioner of General Services.

- **Once the Board of Standards approves the cooperative agreement, the Contractor will be required to sign the Participating Addendum then the Commissioner of General Services will be requested to sign the Participating Addendum.**

3. Renewal Process.

Before any action is taken to effect a new contract period with the governmental entity of the parent contract, the department shall compare pricing to other available candidate contracts and to the greatest extent possible pricing available from potential suppliers from the list of registered vendors for the commodity being procured. Purchasing Staff will perform analysis as outlined in Section 1.3.

- **DGS will abide by this requirement.**



TENNESSEE DEPARTMENT OF
**MOTOR VEHICLE
MANAGEMENT**

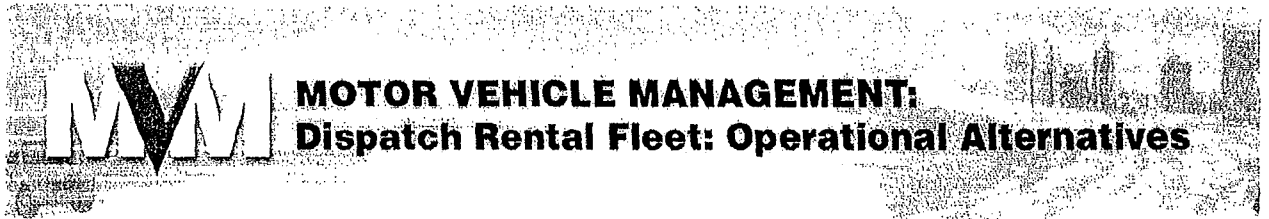


RECOMMENDATIONS

RECOMMENDATION # 1: Establish a Pilot Dispatch with Enterprise

It is recommended that we replace MVM's Rental Dispatch Program with a pilot program managed by Enterprise via cooperative agreement with the University of Tennessee-Knoxville (See WeCar attachment).

- Cost savings on daily rental rate for passenger cars, SUV's and vans:
Enterprise: \$ 31.00 passenger vehicles, \$ 45.00 trucks and vans
State Owned: \$ 40.00 passenger vehicles, \$ 58.00 trucks and vans
Potential Savings: \$ 301,961 per year depending on volume
- Compliance with Tenn. Code Ann. 4-3-1109 acquisition of energy-efficient vehicles. Enterprise will provide 25% of fleet in fuel efficient and hybrid vehicles.
- Eliminate the estimated \$ 2,653,920 cash outlay needed to replace the existing fleet.
- Eliminate maintenance costs associated with maintaining a rental dispatch fleet, estimated savings of \$ 86,904 per year.
- Eliminate need for full service MVM Rental Dispatch location on Charlotte Avenue, saving the State an estimated \$ 206,043 per year in staffing allocations.
- Eliminate \$ 37,800 in administrative fees associated with MVM Rental Dispatch.
- Avoid takeover of a state employee parking lot and the associated retrofitting expense, saving the State an estimated \$ 224,940.00.
- Enterprise will provide at no additional cost WeCar technology in all vehicles rented on monthly basis, estimated cost per vehicle \$ 2,000.00.
- Utilize Enterprise's cutting edge in-car hardware and software management for correct utilization of rental vehicles and better customer service to departments and agencies. Rental data is relayed to WeCar system and compiled for hourly rate, daily rate, mileage, fuel and other detailed billing information. Information can be accessed and analyzed by user agency.



- Employees reserve vehicles online and have 24/7 access to WeCar vehicles. Eliminating the need to pick up a vehicle on Friday for a business trip on Monday. Agency only pays for actual days used, not weekends.
- Enterprise will provide mileage reimbursement tools online to determine the most cost effective transportation solutions (mileage reimbursement, daily car rental, monthly car rental or long term fleet management options).
- Key Control technology alerts agencies when reservation date and time is different then pick up and return time allowing better utilization control.
- Vehicles will be rented with a full tank of gas and returned with a full tank. WeCar technology will link employee gas consumption on the rental invoice allowing better management of employee travel. Enterprise and Voyager billings direct to end user agency creates efficiency and reduces administrative costs.
- Access to Enterprise's 128 branches and 20,000 vehicles across Tennessee to provide complete coverage to all State employees at UT pricing and discounts.
- Enterprise will provide Account Manager in Tennessee to provide training, reporting and State of Tennessee reservation system to ensure a smooth transition and provide complete customer satisfaction.
- Calculated incentive volume rebate program based on all rentals completed under the UT/Enterprise contract. The rebate will be paid quarterly, 45 days after the close of the quarter and trued up at the end of year.

By partnering with U.T. and Enterprise for the Nashville-based Dispatch program, MVM will also be able to offer statewide rental car services to all State government agencies and departments, as well as offer State employees statewide a discounted program for personal rental car needs.



MOTOR VEHICLE MANAGEMENT: Dispatch Rental Fleet: Operational Alternatives

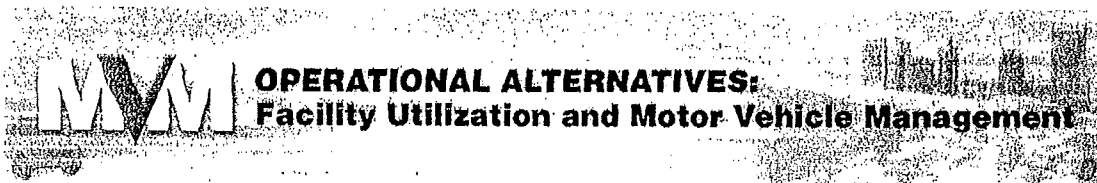
RECOMMENDATION # 2: Sell MVM Rental Dispatch Vehicle Fleet

It is recommended that the State take advantage of the current demand for used cars by disposing of all rental dispatch sedans, SUV's, multi-passenger vans, trucks, and miscellaneous vehicles in inventory. Selling vehicles in winter months should be avoided. Vehicles should be sold in the most expedient manner to achieve the highest return on our investment.

Estimated trade-in value of these vehicles is nearly \$1,742,000. Less the processing charges by the Surplus Property Division, the State should realize a net return of roughly \$1,480,700.



TENNESSEE DEPARTMENT OF
**MOTOR VEHICLE
MANAGEMENT**



EXECUTIVE SUMMARY

I. BACKGROUND

The Division of Motor Vehicle Management ("MVM") manages and maintains approximately 4,956 vehicles for the State of Tennessee. The mission of MVM is to provide the most efficient and economical ground transportation possible to the various departments and agencies of state government.

In June 2011 approximately 279 vehicles made up the Dispatch Rental Fleet rented to state employees for local and state-wide business travel. The majority of the fleet is located in Nashville with the remainder housed and dispatched from four satellite centers: Knoxville, Chattanooga, Jackson, and Memphis. This rental car service offers the State an alternative to reimbursing employees for mileage when using their personal vehicles.

II. APPLICABLE STATUTE

T.C.A. § 4-3-1105(10) requires the Department of General Services ("DGS") to "[s]tudy the use of state-owned automobiles by the state departments, offices and agencies, and establish rules and regulations for the housing, repair and operation of such automobiles."

III. MVM DISPATCH RENTAL FLEET STUDY

In compliance with the above statute, the DGS Office of Financial Management and the Office of Internal Audit conducted a joint study of MVM's Dispatch Rental Fleet program. Highlights of their findings include the following:

A. FINANCIAL:

- Over the last nine years, the historical cost to operate the sedan and SUV portion of the larger Dispatch Rental Fleet averaged **\$0.24 per mile** inclusive of gas; backing out the price of gas, the cost-per-mile was \$0.17 per mile. For the same period, the rest of fleet, mostly specialized vehicles, averaged **\$0.56 per mile** inclusive of gas; backing out the price of gas, the cost-per-mile was \$0.48 per mile.
- During that same period, MVM did not properly allocate roughly **\$609,000** in operating costs on the 279 rental cars. This loss was attributable to low billing rates, insufficient utilization of our rental capacity, and having to maintain an excessive inventory of aging vehicles. When operating costs and loss are considered the average cost per day for the fleet was \$ 32.85.
- Since 1998, the daily rental rate MVM charged to other agencies remained **unchanged** while fuel, parts, supplies, maintenance, and administrative costs increased substantially. This is due in part to a DGS Strategic Planning Goal from the previous administration

OPERATIONAL ALTERNATIVES: **Facility Utilization and Motor Vehicle Management**

- requiring MVM to maintain dispatch rental rates “at a savings of 50% or better than the average cost of the three lowest, locally represented, national car rental companies.”
- Since 2002, the state’s fuel costs have risen from \$0.81 per gallon to the current \$3.26 a gallon—a 302% increase. (Figures based on the OPIS discounted rate).
- MVM’s current dispatch rental rates—with and without fuel—as compared to WSCA’s (Western States Contracting Alliance), Indiana’s, and the University of Tennessee’s contracts with Enterprise are as follows:

	Current MVM Rate		Indiana	WSCA	Univ TN
	<u>w/ Fuel</u>	<u>w/o Fuel*</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Enterprise**</u>
Sedan, Compact:	\$21.00	\$18.00	\$27.99	\$30.09	\$27.90
Sedan, Mid-size:	\$25.00	\$17.00	\$29.99	\$31.71	\$28.82
Sedan, Full-size:	\$28.00	\$16.00	\$34.99	\$34.41	\$31.58
SUV, Mid-size:	\$24.00	\$9.00	\$42.99	\$50.60	\$45.07

(*) For comparison purposes, rates were discounted based on historical billings less fuel cost

(**) Assumes a net discounted rate after applying 8% rebate.

- By co-oping with UT/Enterprise, estimated daily rental rates for mid and full-size vehicles would be an average of \$ 31.00 per day and \$ 45.00 per day for trucks and vans (exclusive of fuel). Annual cost based on estimated rental days in 2011 would be \$1,069,852. [see Fleet Operations Comparison, Fleet Option 1]
- If the State operated the rental dispatch fleet of 120 passenger vehicles and 20 trucks and 2 vans, estimated daily rental rates for mid and full-size vehicles would be an average of \$40.00 per day and \$ 58.00 for trucks and vans (exclusive of fuel). Annual cost based on rental days in 2011 would be \$ 1,371,813. The cost to replace the fleet with 142 new vehicles is estimated at \$ 2,653,920. [see Fleet Operations Comparison, Fleet Option 2]

B. USAGE:

- According to FY11 usage data, MVM rented cars and SUV’s 5,176 times per year totaling 31,367 days. Based on the assumption of no weekend use and 12 holidays per year there are 249 rentable days. 277 vehicles x 249 days = 68,973 available days. Weekdays are 31,367/68,973 days = 46.4% utilization and 31.0% utilization on 101,105 days.

MM OPERATIONAL ALTERNATIVES: Facility Utilization and Motor Vehicle Management

- In analyzing FY11 billings and usage data, it was noted that in 6,175 out of 25,606 daily rentals for cars and SUV's (24%), mileage reimbursed to employees driving personal vehicles would have actually resulted in a lesser cost to the user agencies than the current rental rate charged. Using the same 24% the billing and usage for trucks and vans would be 4,315 daily rentals.

C. CONDITION OF THE FLEET:

- Of the 171 compact, mid-sized, and full-sized sedans in the dispatch fleet, all but **four** exceed current mandated replacement criteria requiring new cars every 4 yrs or 48,000 miles.
- Two classes of cars—52 full-size and 117 mid-size sedans—generated 89% of total miles driven. LTD mileage averages on all 195 cars top **91,000** miles per car.
- Because replacement vehicle purchases were frozen during the previous administration, there has been a rise in maintenance costs and the cannibalizing of older cars for parts.
- Maintenance costs will continue to escalate due to high mileage and vehicle condition.

Option 1- Enterprise Fleet 80 State assigned vehicles with overflow to EHI branches:

Annual Depreciation:	n/a
Parking Lot:	n/a
Rental Dispatch Office on Lot	
6:	n/a
Staging new and turn in vehicles at	
Surplus Property:	n/a
Staff Allocation:	n/a
Software Upgrade:	n/a
Projected Maintenance:	n/a
GPS Fleet Tracking:	n/a
WeCar Telemetric:	n/a
Admin Fees:	n/a

Annual Cost:	\$1,069,852
Annual Cost 80 passenger vehicles and overflow:	\$875,075
Daily rate based on 19,250 days and 8,477 overflow days:	\$31
Annual Cost of 10 Mini/5 large vans, 5 cargo, 2 trucks:	\$194,777
Daily rate based on 4,315 days:	\$45

U. T. Rental Comparison

Car Classification	WSCA Enterprise	WSCA Hertz	Florida AVIS	Indiana Enterprise	Kansas Enterprise	All Rates Avg'd	UT Rates	UT vs. Avg'd Rates	UT vs. WSCA Enterprise	UT vs. WSCA Hertz
Compact, Hourly	9.11		8.83			8.97	7.58	-15.5%	-16.8%	
Compact, Daily	30.09	27.00	30.50	27.99	30.30	29.18	30.33	4.0%	0.8%	12.3%
Compact, Weekly	150.43	148.40	231.50	167.94	181.80	176.01	178.95	1.7%	19.0%	20.6%
Compact, Monthly	601.74	578.70	671.00	615.78	727.20	638.88	724.89	13.5%	20.5%	25.3%
Mid/size, Hourly	9.61					9.61	7.83	-18.5%	-18.5%	
Mid/size, Daily	31.71	31.00	33.50	29.99	32.30	31.70	31.33	-1.2%	-1.2%	1.1%
Mid/size, Weekly	158.53	170.52	234.50	179.94	193.80	187.46	184.85	-1.4%	16.6%	8.4%
Mid/size, Monthly	634.12	664.20	737.00	659.78	775.20	694.06	748.49	7.8%	18.0%	12.7%
Full size, Hourly	10.12		7.62			8.87	8.58	-3.2%	-15.2%	
Full size, Daily	34.41	33.00	37.75	34.99	34.25	34.88	34.33	-1.6%	-0.2%	4.0%
Full size, Weekly	172.04	181.51	240.00	209.94	205.50	201.80	202.55	0.4%	17.7%	11.6%
Full size, Monthly	688.16	707.10	830.50	769.78	822.00	763.51	820.49	7.5%	19.2%	16.0%
Minivan, Hourly	13.16		12.25			12.71	12.25	-3.6%	-7.0%	
Minivan, Daily	49.59	54.00	44.00	44.99	48.25	48.17	48.98	1.7%	-1.2%	-9.3%
Minivan, Weekly	247.94	324.52	286.00	269.94	289.50	283.58	288.98	1.9%	16.6%	-11.0%
Minivan, Monthly	991.76	1264.20	968.00	989.78	1158.00	1074.35	1170.62	9.0%	18.0%	-7.4%
12 passenger van, Hourly	23.28		15.33			19.31	22.25	15.2%	-4.4%	
12 passenger van, Daily	95.13	74.00	46.00	85.99	86.00	77.42	88.98	14.9%	-6.5%	20.2%
12 passenger van, Weekly	475.64	434.49	276.00	515.94	516.00	443.61	524.98	18.3%	10.4%	20.8%
12 passenger van, Monthly	1902.56	1692.90	1012.00	1891.78	2064.00	1712.65	2126.62	24.2%	11.8%	25.6%
Standard SUV, Hourly	13.16		7.87			10.52	12.25	16.5%	-7.0%	
Standard SUV, Daily	50.60	59.00	38.75	42.99	45.25	47.32	48.98	3.5%	-3.2%	-17.0%
Standard Suv, Weekly	253.00	324.52	232.50	257.94	271.50	267.89	288.98	7.9%	14.2%	-11.0%
Standard SUVs, Monthly	1012.00	1264.20	852.50	945.78	1086.00	1032.10	1170.62	13.4%	15.7%	-7.4%
Large SUV, Hourly							19.75			
Large SUV, Dailey	79.95	79.00		69.99	83.25	78.05	78.98	1.2%	-1.2%	-0.03%
Large SUV, Weekly	399.74	434.49		419.94	499.50	438.42	465.98	6.3%	16.6%	7.2%
Large SUV, Monthly	1598.96	1692.90		1539.78	1998.00	1707.41	1887.62	10.6%	18.1%	11.5%
Hybrid, Hourly	9.61					9.61	11.62	20.9%	20.9%	
Hybrid, Dailey	45.54	39.00			40.00	41.51	46.49	12.0%	2.1%	19.2%

U. T. Rental Comparison

Car Classification	WSCA Enterprise	WSCA Hertz	Florida AVIS	Indiana Enterprise	Kansas Enterprise	All Rates Avg'd	UT Rates	UT vs. Avg'd Rates	UT vs. WSCA Enterprise	UT vs. WSCA Hertz
Hybrid, Weekly	227.7	269.50				248.60	274.29	10.3%	20.5%	1.8%
Hybrid, Monthly	910.8	1050.00				980.40	1111.11	13.3%	22.0%	5.8%
Alternative Fuel, Hourly	9.61					9.61				
Alternative Fuel, Daily	45.54	49.00				47.27				
Alternative Fuel, Weekly	227.7	269.50				248.60				
Alternative Fuel, Monthly	910.8	1050.00				980.40				
Sm Pick-up Truck, Hourly										
Sm Pick-up Truck, Dailey	45.54	79.00				62.27				
Sm Pick-up Truck, Weekly	227.7	434.49				331.10				
Sm Pick-up Truck, Monthly	910.8	1692.90				1301.85				
Lg Pick Up Truck. Hourly							12.25			
Lg Pick Up Truck. Dailey	49.59	99.00		70		72.86	48.98	-32.8%	-1.2%	-50.5%
Lg Pick Up Truck, Weekly	247.94	544.53		350		380.82	288.98	-24.1%	16.6%	-46.9%
Lg Pick Up Truck, Monthly	991.76	2121.30		1400		1504.35	1170.62	-22.2%	18.0%	-44.8%
Cargo Van, Hourly										
Cargo Van, Daily	39.47			45	52.25	45.57	48.98	7.5%	24.1%	
Cargo Van, Weekly	197.34			225	313.00	245.11	288.98	17.9%	46.4%	
Cargo Van, Monthly	789.36			900	1254.00	981.12	1170.62	19.3%	48.3%	
Includes Insurance	Yes	Yes	N/A	No	No		No			
Incentives/Admin Fee	1.0%	1.0%					Volume discounts 4-8%			

WSCA Contract ends Oct. 2012. Can be and probably will be extended up to 10 Years. Price increase based on PPI
 UT is a 5 year contract starting in January 2011



Revised 1/29/13

STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES

STEVEN G. CATES
COMMISSIONER

BILL HASLAM
GOVERNOR

MINUTES
PROCUREMENT COMMISSION #003
WEDNESDAY, OCTOBER 31, 2012
LEGISLATIVE PLAZA, ROOM 29

Members in Attendance:

Justin P. Wilson, Comptroller of the Treasury; Steven G. Cates, Commissioner for the Department of General Services; Mark Emkes, Commissioner for the Department of Finance and Administration; Jessica Robertson, Chief Procurement Officer

Others in Attendance:

John Bissell, Paul Krivacka, Toni Stuart, Tom Lee, Debi Moss, Charles Key, Kyle Hunter, Elaine Williams, Claire Harris, Charlotte McKinney, Tommy Chester, Reen Baskin, Mike Morrow, Melinda Parton, Bryan Chriske, Mary Anne Queen, Terry Mason, Thad Watkins, Abigail Lipshie, Marcy Damon, Michael Winston, Mike Perry, Katie Lillard, Britt Myers, Tony Tringale, Sharon Pope, Kathleen Hansen, Caramon Stovall

I. Call to Order

Commissioner Emkes called the meeting to order and asked for a roll call of the members.

II. Minutes from the June 28, 2012 Procurement Commission Meeting

Commissioner Emkes presented the June 28, 2012 minutes of the Procurement Commission. Comptroller Wilson asked if Commissioner Cates had received the information he requested concerning the history and geographic distribution of CMRA contracts. He also inquired if the transition plan and goals were going to be reviewed in this meeting. With that information received and acknowledged, he then made a motion to move forward with the meeting. The Procurement Commission's June 28, 2012 minutes were unanimously approved by the Procurement Commission upon the motion of Comptroller Wilson and a second by Commissioner Cates.

III. Draft *Comprehensive Rules and Regulations of the Central Procurement Office*

Jessica Robertson, Chief Procurement Officer, presented the *Comprehensive Rules and Regulations of the Central Procurement Office* for the Procurement Commission's consideration and adoption. Chief Procurement Officer Robertson stated that a revised version was placed at

CENTRAL PROCUREMENT OFFICE

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telephony infrastructure rollout. This multi-contract award will allow the State to minimize the risks of this rollout and will allow the State to realize an increase in product discount by revitalizing the competitive vendor network. Commissioner Emkes sought clarification that the State would increase competition and receive the savings from that added competition under the multi-contract award. Chief Procurement Officer Robertson responded that she anticipated having approximately 29 resellers who would compete for projects. Comptroller Wilson stated that the contract for resellers would be subject to approval by F&A, OIR, and the Comptroller's Office. Commissioner Cates asked for a brief description of the process used by the Central Procurement Office in finding these types of potential savings. Chief Procurement Officer Robertson stated that OIR has been working with Elaine Williams, Central Procurement Office Category Team Lead for Technology, on this model and that it complements OIR's IP telephony project. Commissioner Emkes stated that OIR is happy with the situation and the cost savings is a plus. ~~Commissioner Emkes~~ Comptroller Wilson made a motion to approve, which was seconded by Commissioner Cates, whereupon the Procurement Commission unanimously approved the Multi-award Contract with Cisco Systems, Inc.

VI. Statewide Contract #205 – WeCar/Enterprise Contract Spend, Savings and Usage Analysis

Chief Procurement Officer Robertson presented to the Procurement Commission the *Statewide Contract #205 – WeCar/Enterprise Contract (the "Cooperative Contract") Spend, Savings, and Usage Analysis (the "Analysis")*, which was requested by the former Board of Standards in its November 20, 2011 meeting. Deputy Commissioner Tommy Chester presented the Analysis on this Cooperative Agreement. Deputy Commissioner Chester stated that the Cooperative Agreement that the State entered into was a Cooperative Contract that the University of Tennessee owned. This Cooperative Contract allowed the State to change the way it manages the State's fleet. The Board of Standards approved the Cooperative Contract for one year with a request for an update before approving an extension of the term. The Analysis provided by Mr. Chester summarized how well the program performed and included a report on the anticipated savings from the Cooperative Contract. Commissioner ~~Steve~~ Cates asked Deputy Commissioner Chester to speak on the time it took to get this contract started and why the numbers do not reflect 12 months in savings. Deputy Commissioner Chester stated that the contract was approved in November 2011 with the anticipated start date of January 1, 2012. Due to unforeseen delays the actual start date was February 1, 2012. Deputy Commissioner Chester stated that it took several months for the State to realize the benefits of the new program. Therefore, only seven months of reliable data was available. Deputy Commissioner Chester made a request to extend the WeCar/Enterprise Cooperative Contract an additional year in order to best determine whether the program should be continued. Commissioner Emkes stated that actual savings were realized and that the projected future savings were encouraging. Commissioner Emkes thanked the Central Procurement Office for the update and called for the next item.

VII. Consent to Cancel November 8, 2012 Meeting

Chief Procurement Officer Robertson stated that the last item that needed a formal vote was the consent to cancel the November 8, 2012 meeting.

WeCar/Enterprise Rental Car Contract
Spend, Savings & Usage Analysis

October 31, 2012

Introduction

In November 2011, the Board of Standards agreed to change the way the State managed and replaced dispatch vehicles. That approval included deploying a WeCar/Enterprise model where the State allows Enterprise, the State's current vendor, to provide and manage a fleet of rental vehicles. The State chose to utilize the University of Tennessee's vehicle rental contract for this program. The new business model allowed for statewide rental coverage through Enterprise, 24/7 WeCar fleet vehicles for use in downtown Nashville and airport coverage with National Car Rental. In addition, the State has realized significant savings while streamlining the rental process for its employees.

Prior to the first contract renewal the Board requested to see documented savings and utilization figures. This information is summarized below.

Contract Number:	SWC 205
Contract Commencement:	Feb. 1, 2012

Savings Summary

Savings Realized (Feb. 1 - Aug. 31, 2012):	\$252,867.00*
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Cash Rebate Received (Feb. 1 – June 31, 2012): <i>Rebate based on \$644,200.16 WeCar/Enterprise usage plus \$16,408 personal usage at a 6% rate.</i>	\$45,864.32*
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1 Year Annualized Savings Estimate:	\$433,488.00
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Estimated Cash Rebate (July 1 – Sept. 30, 2012): <i>Rebate based on \$364,279.15 WeCar/Enterprise usage plus \$15,450.04 personal usage at 4% rate.</i>	\$15,189.17
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Fleet Sales

Cash to MVM Reserves <i>Data through September 26, 2012 includes 239 vehicles sold, for \$1,062,986 less Surplus fee of \$161,034.88. 40 vehicles remain to be sold.</i>	\$901,952.00*
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Spend & Usage Analysis

Spend Analysis February 1, 2012-August 31, 2012	
<i>Estimated Spend with Dispatch Fleet Business Model</i>	<i>Actual Spend with WeCar/Enterprise Model</i>
\$1,072,050*	\$819,183
<i>*Includes \$2,653,920 initial cash outlay, broken down to \$55,290 per month over 48 months, for purchase of new Dispatch Fleet based on a 4-year contract-mandated replacement period (only seven (7) months reflected here).</i>	

Estimated Spend for Dispatch Fleet includes: reservation management system, maintenance, GPS monitoring, staffing and administrative fees, MVM monthly rent, overflow usage to Enterprise, rental dispatch modular building, parking spaces, and vehicle storage. Valued at: \$97,860.00 per month

Original Dispatch Fleet Business Model based on purchasing 142 new vehicles in February 2012.

Using WeCar/Enterprise Model the State averages only 114 vehicles per day.

Personal Usage

426 rental days through June 30, 2012, totaling \$16,408.00 spend

43

****Note: Numbers in bold represent realized savings and income.***